

## NEIGHBORHOOD HOME IMPROVEMENT PROGRAM

### KEY PROGRAM CONTACTS

*For information regarding the City of Fremont Neighborhood Home Improvement Program, including application, program guidelines, or fund availability, contact:*

Bill Cooper, Redevelopment and Housing Project Manager  
Phone: (510) 494-4500 FAX: (510) 494-4515  
e-mail: [bcooper@ci.fremont.ca.us](mailto:bcooper@ci.fremont.ca.us)

Mailing Address:  
City of Fremont, Office of Housing and Redevelopment  
39550 Liberty Street  
P.O. Box 5006  
Fremont, CA 94537-5006

*For information regarding the status of your loan application or construction management services, contact the following:*

For questions regarding the status of your loan:

Sandy Buresh  
Alameda County Housing and Community Development, HCD Loan Specialist  
Phone: (510) 670-6109 FAX: (510) 670-6378  
e-mail: [sandy.buresh@acgov.org](mailto:sandy.buresh@acgov.org)

Mailing Address:  
Alameda County Housing and Community Development Department  
224 W. Winton Avenue, Room 108  
Hayward, California 94544-1215

For questions regarding construction management services:

Nanette Lovina,  
Alameda County Housing and Community Development, Construction Manager  
Phone: (510) 670-5945 FAX: (510) 670-6378  
e-mail: [nanette.lovina@acgov.org](mailto:nanette.lovina@acgov.org)

Mailing Address:  
Alameda County Housing and Community Development Department  
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# CITY OF FREMONT NEIGHBORHOOD HOME IMPROVEMENT PROGRAM

## ***PROCEDURES MANUAL FOR SINGLE-FAMILY, OWNER-OCCUPIED UNITS***

This manual provides a step-by-step guide describing what happens during each phase of your loan application, from loan approval to completion of the improvements.

Applicants shall submit their completed applications to the City of Fremont Office of Housing and Redevelopment. Upon receipt of the completed application packet, your application will be submitted to Alameda County Housing and Community Development (County) for loan underwriting. The process is described below, starting with *Step 1, Determine Eligibility*.

### **STEP 1: DETERMINE ELIGIBILITY**

**TIMELINE: WITHIN 7 BUSINESS DAYS OF RECEIPT OF COMPLETED APPLICATION**

To satisfy basic program requirements, three things must be established: ownership, household income and credit worthiness. Staff will:

1. **Establish ownership** by ordering a title report, performing a title search, or verifying with the County recorder. You must also submit proof of homeowner's insurance policy/bill, indicating policy number, policy period and amount of coverage.
2. **Verify income** of each member of the household. You must submit the appropriate documents as proof of income. A list of required proof of income is listed on page 4 of the application.
3. **Review** the borrower's **credit history**. A poor credit history will not automatically disqualify you. However, County staff will request an explanation of the circumstances and will consider this in the evaluation process.

### **STEP 2: PRELIMINARY FUND COMMITMENT**

Once a decision has been made to fund your loan and/or grant, you will be given a preliminary fund commitment letter indicating the interest rate, term, amount of loan and payment amount.

### **STEP 3: INITIAL PROPERTY INSPECTION – DECIDING ON WHAT NEEDS TO BE DONE**

**TIMELINE: INITIAL INSPECTION WILL BE SCHEDULED WITHIN TWO WEEKS OF LOAN APPROVAL.**

A Rehabilitation Specialist from the County will meet with you to conduct an evaluation of your property and develop a list of improvements that need to be made. Typical examples of Eligible Rehabilitation Work are listed on page 4 of this manual.

#### **STEP 4: APPROVAL OF WORK WRITE-UP**

##### **TIMELINE: FOUR WEEKS**

After the initial inspection, the Rehabilitation Specialist will produce a draft work write-up of items that are required to bring the property into conformance with health and safety standards. General property improvements will also be included in the work write-up. General property improvements include items, such as exterior painting, re-tiling kitchen and/or bathroom floors, replacing carpet, window coverings, front yard landscaping and driveway improvements.

You will be given a copy of the work write up for review and approval. If necessary, City and County staff can meet with you to refine and prioritize the list of improvements. The final work write-up becomes the Scope of Work that is put out to bid.

#### **STEP 5: GETTING A PRICE – BIDDING OUT THE PROJECT**

##### **TIMELINE: FIVE WEEKS**

Once a Scope of Work has been approved, County staff will advertise the project for one week. Contractors are given one month to submit bids. The County will secure bids from at least three (3) qualified contractors.

#### **STEP 6: PROPERTY OWNER SELECTS CONTRACTOR**

##### **TIMELINE: UP TO 10 DAYS**

You will have the opportunity to select the contractor from the list of contractors that bid on your project.

#### **STEP 7: PRE-CONSTRUCTION CONFERENCE**

##### **TIMELINE: WITHIN TWO WEEKS FROM WHEN THE PROPERTY OWNER SELECTS THE CONTRACTOR**

The Rehab Specialist will schedule a pre-construction conference with you, the Rehabilitation Specialist, City staff, and the Contractor. The purpose of the pre-construction conference is to review and discuss the work with the contractor. After the proposed work plan has been reviewed and all parties are satisfied, the loan closing will be scheduled.

#### **STEP 8: LOAN CLOSING**

##### **TIMELINE: TWO WEEKS AFTER PRE-CONSTRUCTION MEETING**

At the loan closing, you will be asked to sign the following loan documents and the construction contract:

- Promissory Note for the amount of the loan
- Homeowner Covenant and Resale Requirement Agreement
- Deed of Trust to secure the promissory note
- Borrower Disclosure Statement

If you apply for and receive a rehabilitation loan, you may be eligible for an Incentive Grant of up to \$3,000. The grant amount shall be 10% of the total rehab loan amount. (For instance, if you take out a \$25,000 loan, you automatically qualify for a \$2,500 grant. This grant can be used for general property improvements, such as painting the exterior of the

house, repairing fence, installing new windows and doors. You will also be asked to sign a grant agreement, which describes the grant terms.

#### **STEP 9: NOTICE TO PROCEED**

**TIMELINE: WITHIN THREE DAYS OF LOAN CLOSING**

As required by law, you will have three days to rescind the contract and loan with no penalty. After the three-day recission period, the contract and the loan may only be cancelled by agreement and costs may be involved. After the three workdays have elapsed, the Rehabilitation Specialist will issue the contractor a Notice To Proceed and construction begins.

#### **STEP 10: CONSTRUCTION BEGINS**

Typically, rehabilitation work is completed within 90 to 120 days. The Rehabilitation Specialist will monitor the project during construction.

Change Orders: All change orders must be requested in writing by the contractor and submitted to the Rehabilitation Specialist. All change orders must be reviewed and approved by you and the Rehabilitation Specialist before the work is done or funding for that part of the job will not be approved.

#### **STEP 11: PAYMENT DRAWS**

**TIMELINE: OCCURS THROUGHOUT THE CONSTRUCTION PERIOD**

During construction, the contractor will request periodic payments until the work is completed. A 10% retention will be withheld from each payment. (See Step 12) You will be required to sign off on the work completed before payment to the contractor can be made. For the final payment, the Rehabilitation Specialist, City staff, and you, the property owner, must approve the work and sign the voucher for final payment.

#### **STEP 12: CLOSING OUT THE PROJECT**

**TIMELINE: 60 DAYS AFTER THE NOTICE OF COMPLETION IS EXECUTED AND RECORDED**

When the improvements are completed, a Notice of Completion is filed and recorded. Within 60 days after recording of the Notice of Completion, The County will notify the City to release the retention due to the contractor. You will sign a voucher for the return of any funds that were not used in construction. [Note: All unused funds are subtracted from the loan amount and the promissory note will be reduced accordingly.]

#### **STEP 13: PROGRAM EVALUATION**

Upon completion of the project, the City of Fremont will send you a program evaluation form. Please take the time to fill out the evaluation form – your input on what works and what we can do to improve the program will be greatly appreciated.

## NEIGHBORHOOD HOME IMPROVEMENT PROGRAM

### *Eligible Rehabilitation Work and Rehabilitation Standards*

The goal of the Neighborhood Home Improvement Program is to improve the community's supply of low to moderate-income housing and to enhance and preserve existing residential neighborhoods in the City of Fremont.

#### **Examples of Eligible Rehabilitation Work**

1. The following items are eligible for purchase and installation, repair or replacement:
  - a. Foundations and other structural building components
  - b. Roofs
  - c. Electrical systems
  - d. Plumbing systems
  - e. Heating systems
  - f. Windows and doors
  - g. Interior paint
  - h. Kitchen stoves, refrigerators, bathroom and kitchen fixtures, and equipment considered to be permanent fixtures
  - i. Roofing and gutter repairs, including correction of drainage problems
  - j. Energy conservation measures
  - k. Pest eradication measures
2. Additions, alterations and enlargements to existing structures are eligible provided that the action accomplishes the following goals.
  - a. Elimination of severe overcrowding.
  - b. Ensure safe and sanitary living conditions.
  - c. Alleviate barriers to the mobility and accessibility of an elderly person or persons with disabilities.
  - d. Facilitate the care and accommodation of a physically and/or mentally impaired occupant.
3. Costs to abate toxic materials such as the ones listed below are also eligible, if such materials are known or discovered to exist and pose a hazard to the occupants.
  - a. Asbestos
  - b. Lead-based paint
4. Earthquake reinforcement or retrofit and, for multi-family structures, costs associated with fire prevention.

### **Costs Allowable in Rehabilitation Loan or Grant**

The following costs, which are related to the actual rehabilitation work, will generally be included in the property rehabilitation loan or grant.

- a. Permit fees.
- b. Contracted architectural, design, and engineering services (if needed).
- c. Contracted appraisal fee (if required).
- d. Preliminary title report and title insurance.
- e. Recording and filing fees.
- f. Credit reports.
- g. Termite inspection reports.
- h. Contingency allowance.
- i. Soils reports (if required).
- j. Soils excavation in regard to engineered foundations or septic tanks.
- k. Archaeological survey and excavation costs (if required).
- l. Relocation costs.
- m. Loan processing fees.
- n. Performance bonds (when required of owner).
- o. Probation of wills when required to obtain title insurance.
- p. Paint inspection and lead-based paint risk assessment fees.

### **General Property Improvements**

General property improvements are also eligible uses of Neighborhood Home Improvement funds. These improvements help to improve the exterior quality of the unit and enhance the overall quality of the neighborhood. Applicants cannot apply for loan funds solely to complete general property improvements. Rather these improvements are completed **once all code and incipient code violations are remedied.**

General property improvements include such items as:

- refinishing floors
- carpeting
- refinishing cabinets
- replacement of tile in kitchen and bathrooms
- window coverings
- front yard landscaping
- fencing
- driveway improvements
- exterior paint